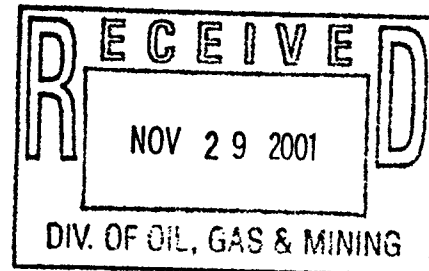


STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/001/045</u>
(Mineral Mined)	<u>RED BERYL</u>
"MINE LOCATION":	
(Name of Mine)	<u>RED EMERALD MINE</u>
(Description)	<u>26 MILES WEST OF MINERSVILLE UT</u>
	<u>IN THE WAH WAH MOUNTAINS,</u>
	<u>BEAVER COUNTY UT.</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>31.49</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>GEMSTONE MINING INC.</u>
(Address)	<u>P.O. BOX 3413</u>
	<u>CEDAR CITY, UT 84721</u>
(Phone)	<u>(949) 219-1511</u>

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

SCOTT WILKINSON
P.O. BOX 3413

2281 WEST VISTA DEL SOL

CEDAR CITY, UT 84721

(435) 867-4773

(Phone)

"OPERATOR'S OFFICER(S)":

DOMINIQUE MERZ, PRESIDENT

660 NEWPORT CENTER DRIVE, SUITE 460

NEWPORT BEACH, CA. 92660-6405

"SURETY":

(Form of Surety - Attachment B)

TDRA

"SURETY COMPANY":

(Name, Policy or Acct. No.)

BANK ONE,

"SURETY AMOUNT":

(Escalated Dollars)

\$200,200.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between GEMSTONE MINING INC. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/045 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated FEBRUARY 3, 1999, and the original Reclamation Plan dated FEBRUARY 3, 1999. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

GEMSTONE MINING INC.
Operator Name

By DOMINIQUE MERZ
Authorized Officer (Typed or Printed)

PRESIDENT
Authorized Officer - Position

Dominique Merz
Officer's Signature

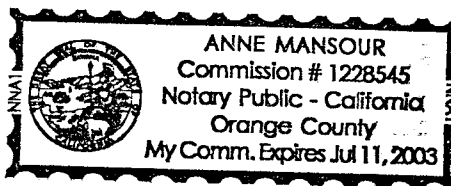
11/26/01
Date

STATE OF CALIFORNIA.)
COUNTY OF ORANGE) ss:

On the 26 day of November, 2001, DOMINIQUE MERZ. personally appeared before me, who being by me duly sworn did say that he ~~she~~ is the PRESIDENT. of GEMSTONE MINING INC and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said HE duly acknowledged to me that said company executed the same.

Anne Mansour
Notary Public
Residing at Newport Beach, Ca.

July 11, 2003
My Commission Expires:



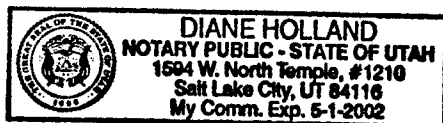
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

12/12/01
Date

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 12th day of December, 2001, Lowell P. Braxton
personally appeared before me, who being duly sworn did say that he ~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and
Mining, Department of Natural Resources, State of Utah, and he ~~she~~ duly acknowl-
edged to me that he ~~she~~ executed the foregoing document by authority of law on behalf
of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires: 5-1-2002

ATTACHMENT "A"

<u>GEMSTONE MINING INC.</u>	<u>RED EMERALD MINE</u>
Operator	Mine Name
<u>M/001/045</u>	<u>BEAVER</u> County, Utah
Permit Number	

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

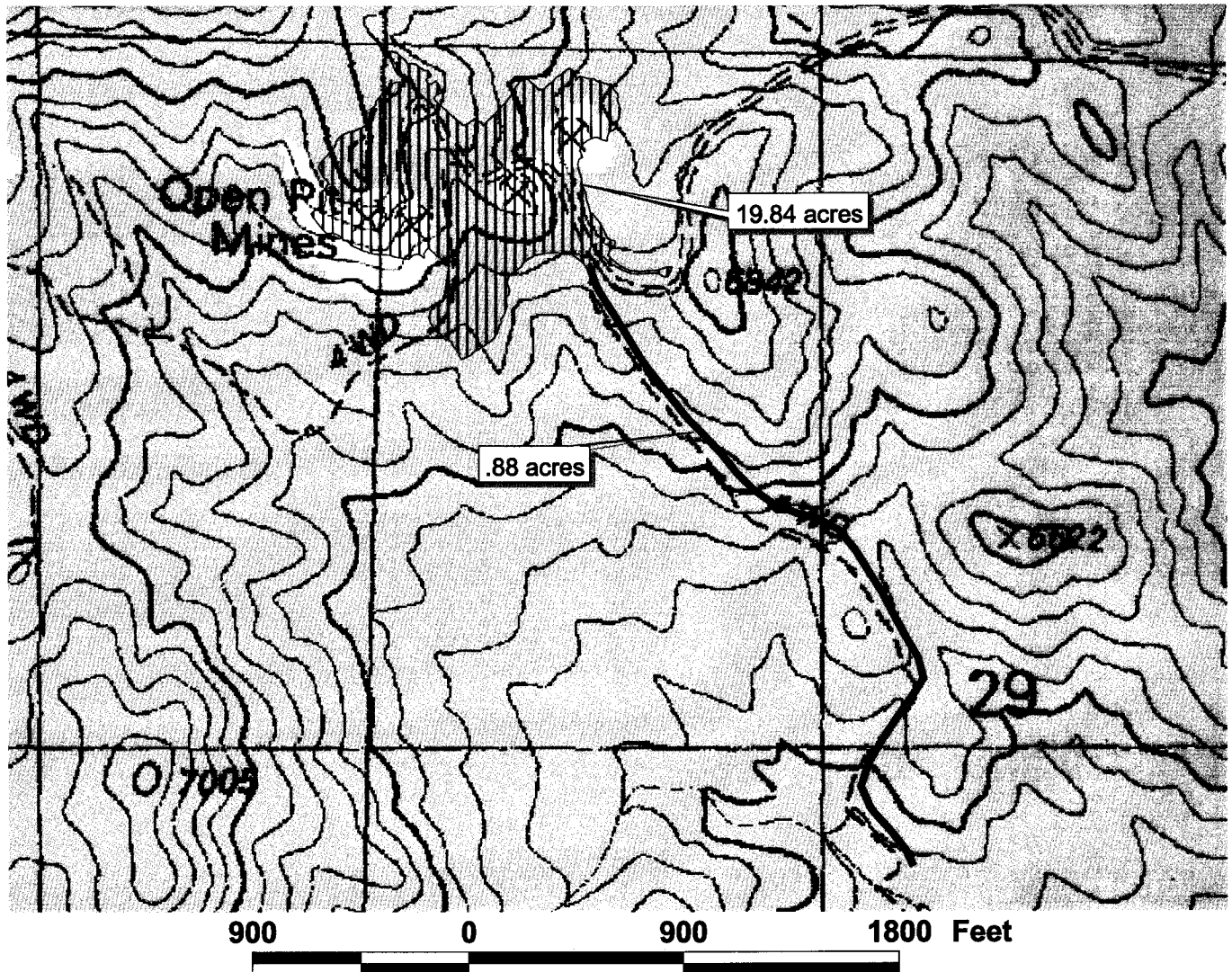
The detailed legal description of lands to be disturbed is:

NW 1/4 OF NW 1/4, SECTION 29 TOWNSHIP 29 SOUTH RANGE 14 WEST
NE 1/4 OF NW 1/4, SECTION 29 TOWNSHIP 29 SOUTH RANGE 14 WEST
NE 1/4 SECTION 30, TOWNSHIP 29 SOUTH RANGE 14 WEST
SW 1/4 SECTION 20, TOWNSHIP 29 SOUTH RANGE 14 WEST
SE 1/4 SECTION 19, TOWNSHIP 29 SOUTH RANGE 14 WEST

The Red Emerald Mine

Gemstone Mining Inc.

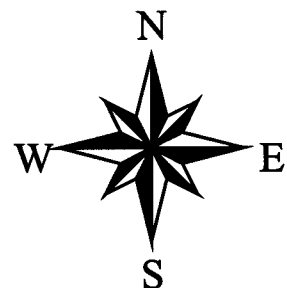
M/001/045



 Road from gate to mine
 Current mine related disturbance

This map was generated on 12/ 6/2001

This product may not meet DOGM standards for accuracy and content. Different data sources and input scales may cause misalignment of data layers.



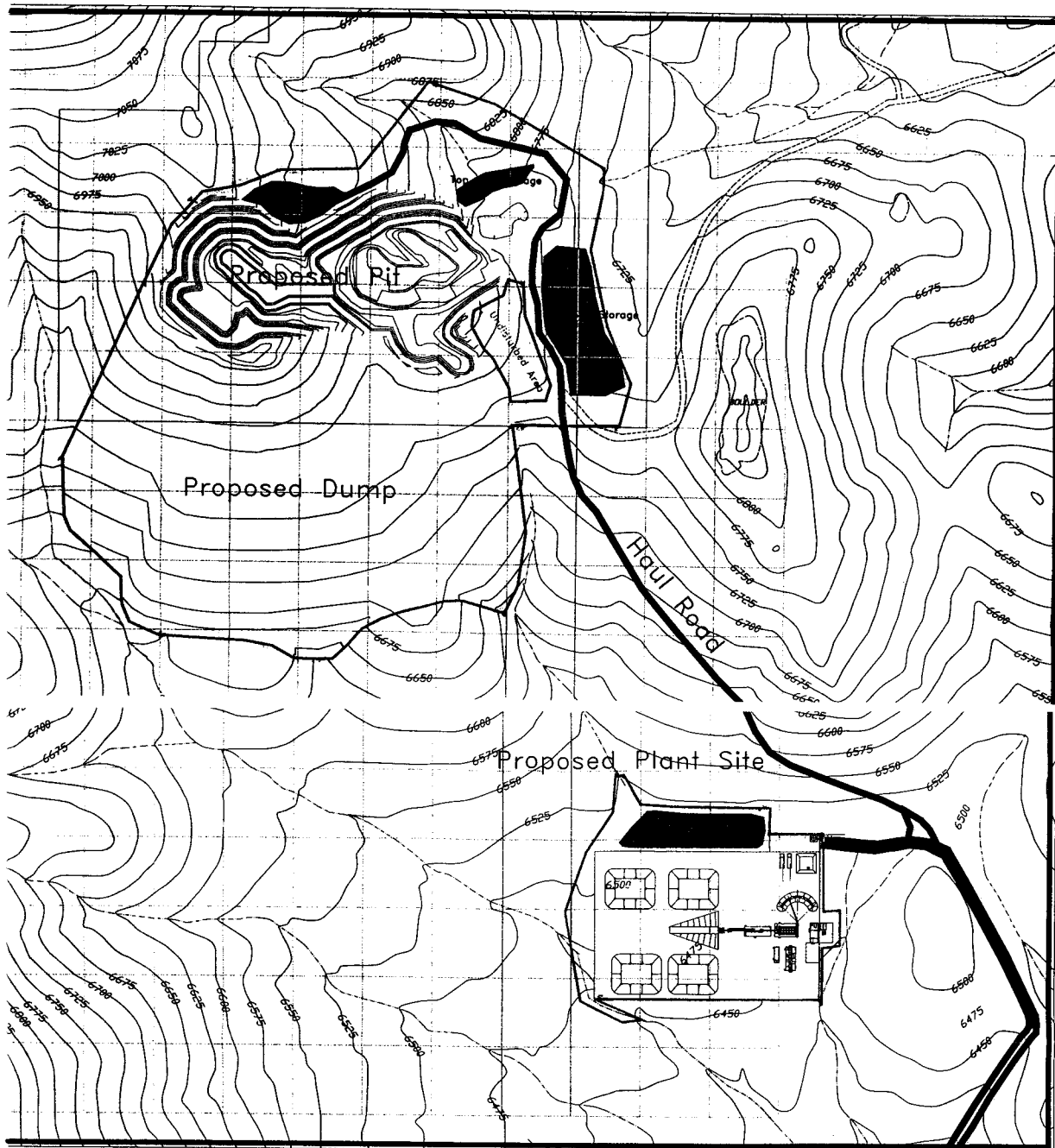


Figure 5 Life of Mine Disturbance

Revised Attachment D



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

November 15, 2001

Bank One
185 South State Street
Salt Lake City, Utah 84111

Attention: Matt Miles, Relationship Banker

Re: Reclamation Surety, Time Deposit Receipt Account for Red Emerald Mine Site,
M/001/045, Beaver County, Utah
Time Deposit Receipt Account No. _____ Principal Amount \$200,200.00.

This letter describes the mutually agreed upon instructions of the below signed parties to Bank One Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described Time Deposit Receipt Account ("TDRA"), which is being used as a surety to guarantee the availability of reclamation funds for the Red Emerald mine site, Beaver County, Utah ("Mine Site"). It is the intention of the parties that the TDRA be utilized as surety to guarantee that \$200,200.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the U.S. Department of Interior, Bureau of Land Management ("agency") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations including but not limited to Title 40-8-14(7), and Rules R647-4-114 & R647-5-101.

Ownership and Renewal:

Ownership of the TDRA is retained by Gemstone Mining Company, a Utah corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and the U.S.

Department of Interior, Bureau of Land Management and is subject to the terms and conditions described in this agreement. The TDRA shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of the U.S. Department of Interior, Bureau of Land Management.

Redemption:

The TDRA may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of U.S.

Department of Interior, Bureau of Land Management to the Bank. Upon the instruction and demand of the Director and authorized officer of the U.S. Department of Interior, Bureau of Land Management the full initial amount of the TDRA shall be transferred to the State of Utah, Division of Oil, Gas and Mining.

Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the TDRA which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the TDRA. Upon redemption, any accrued interest in excess of the initial amount of the TDRA shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the TDRA. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of the U.S. Department of Interior, Bureau of Land Management may redeem the TDRA.

Release:

The bank shall release the TDRA only upon the written instruction of both the Director of the Division and the authorized officer of the U.S. Department of Interior, Bureau of Land Management to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the TDRA shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the TDRA shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the TDRA until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the TDRA which would cause the redemption amount of the TDRA to be less than the initial amount of \$200,200.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Lowell P. Braxton

Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining
Tax ID Number: _____

Date: 12/03/01

Robert Lopez

Robert Lopez, Authorized Officer
U.S. Department of Interior, Bureau of Land Management
Utah State Office

Date: 12/03/01

Scott Wilkin

Gemstone Mining Company
Scott Wilkin, Agent
Tax ID Number: _____

Date: 11/20/01

Matt Miles

Matt Miles, Relationship Banker
Bank One

Date: 12/3/01

Account Profile



m/001/045

Customer Name:	GEMSTONE MINING INC	Bank ID:	Utah
Account #:	880067493931	Account Type:	CD/IRA
Account Title:	GEMSTONE MINING INC FBO UTAH DIV OF OIL GAS AND MINING AND US DEPT OF INTERIOR	Account Tax ID:	
Password:		Application Refresh Date:	11/30/2001
Cost Center:	405	Branch:	405
Market Segment:	None		

*Financial Information Comments

Contacts

Product ID:	12-17 Month CD	Account Status:	RNWL
Current Balance:	\$203103.88	Available Balance:	\$2903.88
Redemption Amount:	\$203103.88	Early Redemption Penalty:	\$0.00
Interest Rate:	1.98%	Interest Per Diem:	\$11.01
Accrued Interest PTD:	0.00	Interest Paid YTD:	\$10925.62
Interest Payment Frequency:	30D	Next Interest Payment Date:	11/23/2001
Interest Payment Method:	Capitalize	Interest Payment Account #:	
Original Deposit:	\$200200.00	CD Term:	365 Day
Current Issue Date:	11/23/2000	Next Maturity Date:	11/23/2001
Outstanding Payment Date:	00/00/0000	Outstanding Payment Amount:	\$0.00
Last Monetary Transaction Date:	11/23/2001	Last Non-Monetary Activity Date:	11/30/2001

Miscellaneous

Open Date:	11/23/1999	Close Date:	00/00/0000
Holds:	Y	Restrictions:	N
Officer Code:		Special Instructions:	Data Not Available
Withholding Code:	01 - CORPORATION		

Related Customers

Name	Tax ID	Relationship	Date of Birth
GEMSTONE MINING INC		Sole Owner	00/00/0000
ROBERT LOPEZ	00000000u	Signer	00/00/0000





602

Bank No

Business Signature Card

GENSTONE MINING INC
FBO UTAH DIVISION OF OIL GAS AND MINING
AND US DEPARTMENT OF INTERIOR

Jumbo Non-Personal CD

Corporation

PO BOX 3413
CEDAR CITY UT 84721-3413

replacement

I hereby certify that the person whose name appears on this card is an authorized representative and agree to indemnify the Bank One National Association and its subsidiaries from any loss or damage in signature of the cardholder. The Bank One National Association and its subsidiaries shall not be liable for any loss or damage in signature of the cardholder. The Bank One National Association and its subsidiaries shall not be liable for any loss or damage in signature of the cardholder. The Bank One National Association and its subsidiaries shall not be liable for any loss or damage in signature of the cardholder.

This card is valid only if the person whose name appears on this card is an authorized representative and agree to indemnify the Bank One National Association and its subsidiaries from any loss or damage in signature of the cardholder. The Bank One National Association and its subsidiaries shall not be liable for any loss or damage in signature of the cardholder. The Bank One National Association and its subsidiaries shall not be liable for any loss or damage in signature of the cardholder.

LOWELL BRAXTON

000-00-0000

DIRECTOR

Lowell Braxton

ROBERT LOPEZ

000-00-0000

AUTHORIZED SIGNER

Robert Lopez

Address

Bank One, NA
Second South & State Street
00234

Assigned to

C. CANCES
(801) 481-5017
00234
12-03-2001